

RITCHIE BROS AUCTIONEERS INC

Form F-10/A

January 23, 2004

As filed with the Securities and Exchange Commission on January 23, 2004

Registration No. 333-111948

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

**AMENDMENT NO. 1 TO
Form F-10
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Ritchie Bros. Auctioneers Incorporated

(Exact name of registrant as specified in its charter)

Canada
*(Province or other jurisdiction of
incorporation or organization)*

7389
*(Primary Standard Industrial
Classification Code Number)*

Not applicable
*(I.R.S. Employer
Identification No.)*

6500 River Road

**Richmond, BC, Canada
V6X 4G5
(604) 273-7564**

(Address and telephone number of registrant's principal executive offices)

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including area code, of agent for service in the United States)*

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Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after this Registration Statement becomes effective.

Province of British Columbia

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box)

A. Upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. At some future date (check the appropriate box below)

1. Pursuant to Rule 467(b) on *(date)* at *(time)* (designate a time not sooner than seven calendar days after filing).
2. Pursuant to Rule 467(b) on *(date)* at *(time)* (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on *(date)*.
3. Pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
4. After the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

The information in this prospectus is not complete and may be changed. The selling shareholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 23, 2004

PROSPECTUS

1,739,130 Shares

Ritchie Bros. Auctioneers Incorporated

Common Shares

This is an offering of 1,739,130 common shares of Ritchie Bros. Auctioneers Incorporated. All of the offered shares are being sold by Warm Springs Investments Ltd., the selling shareholder, a company controlled by David E. Ritchie, our Chairman and Chief Executive Officer. As of January 15, 2004, Mr. Ritchie beneficially owned or controlled 4,938,223 of our outstanding common shares and, after giving effect to this offering, he would have owned or controlled 3,199,093 common shares, representing 18.8% of our outstanding common shares. We will not receive any of the proceeds from the sale of the shares by the selling shareholder.

Our common shares are listed on the New York Stock Exchange under the symbol RBA . On January 22, 2004, the closing price of our common shares on the New York Stock Exchange was US\$50.45 per share.

The Toronto Stock Exchange has conditionally approved the listing of our common shares under the symbol RBA . Listing of our common shares is subject to us fulfilling all of the requirements of the Toronto Stock Exchange on or before April 14, 2004.

Investors should carefully consider the issues described under Risk Factors beginning on page 14. The Risk Factors section provides a discussion of considerations relevant to an investment in our common shares.

We are permitted to prepare this prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and they may be subject to Canadian auditing and auditor independence standards. As a result, they may not be comparable to financial statements of United States companies.

Owning our common shares may subject you to tax consequences both in the United States and Canada. This prospectus may not describe these tax consequences fully. You should read the tax discussion under Income Tax Considerations for U.S. Shareholders.

Your ability to enforce civil liabilities under the United States federal securities laws may be adversely affected because we are incorporated in Canada, most of our officers and directors and some of the experts named in this prospectus are Canadian residents, and substantially all of our assets and the assets of those officers, directors and experts are located outside of the United States.

	Price to Public	Underwriting Commission	Net Proceeds to the Selling Shareholder
Per Share	US\$	US\$	US\$
Total	US\$	US\$	US\$

The underwriters may also purchase up to an additional 260,870 shares from the selling shareholder at the public offering price, less the underwriting commission, within 30 days after the date of the closing of this offering to cover over-allotments, if any.

None of the Securities and Exchange Commission, any state securities regulator or any securities regulatory authority in Canada has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary

is a criminal offense.

The common shares will be ready for delivery in New York, New York on or about _____, 2004.

Raymond James

CIBC World Markets

William Blair & Company

Scotia Capital

The date of this prospectus is _____, 2004.

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When considering an investment in the offered shares, you should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized anyone, including the selling shareholder, to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling shareholder are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this document may only be accurate as of the date on the front cover of this prospectus.

This prospectus contains forward-looking statements that involve risks and uncertainties. See the section entitled Special Note About Forward-Looking Statements.

In this prospectus, Ritchie Bros., the Company, we or us each refers to Ritchie Bros. Auctioneers Incorporated, either alone or together with its subsidiaries, unless the context requires otherwise.

Certain names in this prospectus are our trademarks.

All share and per share information presented in this prospectus does not give effect to the proposed stock split referred to under Prospectus Summary Ritchie Bros. Auctioneers Recent Developments.

PROSPECTUS SUMMARY

This summary primarily highlights selected information contained elsewhere in this prospectus or in the documents incorporated by reference. This summary does not contain all of the information that you should consider before investing in the shares offered by this prospectus. You should carefully read the entire prospectus, including the section entitled Risk Factors and the documents and financial statements incorporated by reference in this prospectus, before making an investment decision. We publish our financial statements in United States dollars in accordance with generally accepted accounting principles in Canada, or Canadian GAAP. Except as otherwise indicated, all references to dollar amounts in this prospectus refer to United States dollars and all information in this prospectus assumes that the underwriters' over-allotment option will not be exercised.

Ritchie Bros. Auctioneers

Overview

We are the world's largest auctioneer of industrial equipment. At December 31, 2003, we operated from over 90 locations, including 29 auction sites, in more than 20 countries around the world. We sell, through unreserved public auctions, a broad range of equipment, including equipment used in the construction, transportation, mining, forestry, petroleum, marine and agricultural industries. Our customers are primarily end users of equipment, such as contractors, and they also include equipment manufacturers, dealers, brokers and finance companies. Our business is driven by many factors, including fleet upgrades and realignments, financial pressure, mergers and acquisitions, retirements, inventory reductions and the completion of major construction and other projects.

Our gross auction sales, which represent the total proceeds from all items sold at our auctions, were \$1.56 billion for the year ended December 31, 2003, which is 13% higher than 2002. We believe that we sell more used trucks and industrial equipment than any other company in the world, and industry observers estimate that our gross auction sales exceed the combined sales of our 40 largest auction competitors.

Strict adherence to the unreserved auction process is one of our founding principles and, we believe, one of our significant competitive advantages. Unreserved means that there are no minimum or reserve prices on anything sold at a Ritchie Bros. auction—each item sells to the highest bidder on sale day. In addition, consignors (or their agents) are not allowed to bid on or buy back their own equipment. We have maintained our commitment to the unreserved auction process since our first industrial auction in 1963.

Our worldwide marketing efforts and reputation for conducting fair auctions enable us to attract a broad international base of customers to our auctions. This provides a global marketplace that can transcend local market conditions. We believe that our ability to consistently draw significant numbers of local and international bidders to our auctions provides a compelling value proposition to sellers of used equipment and generates a greater volume of consigned equipment and higher gross auction sales than our competitors.

Industry

We operate in the auction segment of the global industrial equipment marketplace, selling primarily used trucks and equipment through unreserved public auctions. Industry analysts estimate that there is approximately \$1 trillion of used industrial equipment of the type we sell in circulation worldwide, and that around \$100 billion of that equipment changes ownership each year. Of this total, only a fraction is currently traded through auctions, with the majority being sold directly or through dealers and brokers. Our core target market includes both mobile and stationary equipment. Examples include crawler tractors, excavators, loader backhoes and trucks and trailers. Much of the equipment can be used in multiple industries and in diverse geographic locations. Although we are the largest participant in this highly

fragmented marketplace, our 2003 gross auction sales represented less than 2% of the estimated \$100 billion annual market.

As we grow our business we intend to capitalize on a number of key characteristics of the global industrial equipment market:

Growing Market for Used Industrial Equipment. The international used industrial equipment market continues to expand as a result of the increasing, cumulative supply of used equipment, which is driven by the ongoing production of new equipment by manufacturing companies.

Growth of the Auction Segment of the Industrial Equipment Market. We believe that auctions represent an increasingly popular distribution channel for industrial equipment for the following reasons:

The ability of auctioneers to sell a wide range of equipment and related assets and therefore offer a comprehensive and convenient service to buyers and sellers;

The increasing transparency of the international used equipment market due in large part to the depth of information now available on the Internet;

The increasing preference of sellers to access the auction marketplace in order to achieve a sale quickly and efficiently; and

The ability of auctioneers to deliver high net proceeds on the sale of equipment.

Attractiveness of Industrial Equipment Auction Market. In addition to the growth of both the industrial equipment market as a whole and the auction segment of that market, we believe that the following are attractive characteristics of the industrial equipment auction business:

The industrial equipment auction business is relatively insulated from cyclical economic trends. Many of the factors that prompt owners to sell equipment also create an environment in which equipment buyers opt for high quality used equipment rather than typically more expensive new equipment. As a result, auctioneers can capitalize on economic downturns as well as upturns;

Industrial equipment auctioneers are not restricted to selling lines of equipment provided by a particular manufacturer or manufactured for a particular industry, or to holding auctions in a particular geographic region;

Auction companies do not typically bear the risks associated with holding inventory over extended periods;

The industrial equipment auction industry is highly fragmented (and we are the largest participant in that industry); and

Used industrial equipment is well-suited to the auction method of buying and selling because items of used equipment cannot be valued on a commodity basis. The transparency of the unreserved auction method gives buyers and sellers confidence that the equipment has traded for a fair market price.

Competitive Advantages

Our key strengths provide distinct competitive advantages and have enabled us to attract an increasing number of consignors and bidders to our auctions, allowing us to achieve significant and profitable growth. Our gross auction sales have grown at a compound annual growth rate of 13.4% over the last 25 years, as illustrated below.

Ritchie Bros. Gross Auction Sales¹ (\$ millions)

(1)Gross auction sales represents the total proceeds from all items sold at our auctions. Gross auction sales is not a measure of our revenue and is not presented in our consolidated financial statements. Gross auction sales is a key indicator of our operating performance and we believe that gross auction sales provides an important comparative measure of our relative operating performance between periods.

Reputation for Conducting Only Unreserved Auctions. We believe that our highly publicized commitment to fair dealing and the unreserved auction process is a key contributor to our growth and success. All of our auctions are unreserved, meaning that there are no minimum or reserve prices; each and every item is sold to the highest bidder on the day of the auction. Consignors are prohibited by contract from bidding on their own consigned items at the auction or in any way artificially affecting the auction results. Bidders at our auctions have confidence that if they are the high bidder on an item, then they are the buyer of that item, regardless of price. We believe that Ritchie Bros. reputation for conducting only unreserved auctions is a major reason why bidders are willing to commit the necessary time and effort to participate in our auctions, and we believe that the size and breadth of the resulting bidding audiences enable us generally to achieve higher prices than our competitors.

Ability to Transcend Local Market Conditions. We market each auction to a global customer base of potential bidders, through the use of traditional print media and the Internet. Because bidders are willing to travel between regions and countries to attend our auctions, and are able to participate over the Internet if they are unable or choose not to attend in person, consignors have confidence that they will receive the world market price for their equipment. Buyers from outside the region in which the auction is being held typically account for 50% or more of the gross auction sales at our auctions.

International Scope. We have substantial expertise in marketing, assembling and conducting auctions in international markets. We have conducted auctions in more than 20 countries and we regularly hold auctions in North America, Europe, Australia and the Middle East. In 2003 we held our first ever auctions in Greece and South Africa.

Extensive Network of Auction Sites. Our international network of 29 auction sites is attractive to consignors of equipment with widely dispersed fleets and also to manufacturers wanting to access multiple

regional markets. We believe that our network of auction sites has allowed us to achieve economies of scale by holding more frequent and larger auctions at our existing facilities, taking advantage of our considerable operating capacity without incurring significant incremental costs. In addition, many of our auction sites are equipped with environmentally certified painting and refurbishing facilities which, together with purpose-built auction theatres and equipment display yards, allow us to deliver a uniquely high level of service to our customers.

Proprietary Databases. We maintain sophisticated databases containing information on several million pieces of equipment sold at auctions around the world, detailed information regarding new equipment prices and listings of stolen equipment. Together with our unique and comprehensive information about the flow of equipment coming to market, these databases allow us to identify market trends and estimate equipment values.

We also maintain a proprietary customer information database containing detailed information on more than 400,000 companies and individuals from over 200 countries, including each customer's auction attendance, trade association memberships, buying and travel habits and banking information. This database enables us to identify customers that might be interested in the equipment being sold at any particular auction.

Internet Services. We believe that our extensive Internet presence and the tools available on our website are valuable to buyers and sellers of equipment and represent a distinct competitive advantage for Ritchie Bros. Our *rbactionBid-Live* online bidding service has had a positive impact on our ability to transcend local market conditions and offer international scope to equipment buyers and sellers. It has also increased the number of bidders participating in our auctions, which we believe has led to higher selling prices. We launched the *rbactionBid-Live* service in 2002, and by the end of 2003 we had over 10,000 customers registered to use the service and customers bidding in our live auctions over the Internet were the buyer or runner-up bidder on more than 15% of the available items.

Size and Financial Resources. In addition to being the world's largest auctioneer of industrial equipment, we believe that we sell more used trucks and industrial equipment than any other company, including non-auction companies such as manufacturers, dealers and brokers, making us the largest participant in this highly fragmented market. In addition to our strong market position, we have the financial resources to offer our consignors guarantee and outright purchase contracts, to invest in new technologies and to expand into new markets. Further, our significant infrastructure investments in recent years have helped us to grow our revenues faster than our expenses, leading to improved margins and profitability.

Dedicated and Experienced Workforce. Our sales and support team is a key part of our customer service effort. We had 589 full-time employees at December 31, 2003. All employees participate in performance bonus programs that tie their overall compensation to corporate and personal performance, and none are compensated on a commission basis. Our senior management team has extensive industry experience—the six members of our senior management Executive Committee have a combined 138 years of experience in the equipment auction industry.

These competitive advantages have enabled us to hold successful auctions and provide a compelling value proposition for buyers and consignors alike, as evidenced by the growth in the number of buyers and consignors participating in our auctions, set out in the graph below, and the resulting growth in our gross auction sales. The success of one auction helps to attract a greater volume and selection of consigned equipment to the next auction, which attracts more bidders, which attracts more consignments, and so on. We view this as a self-reinforcing process that has been working in our favor for over 40 years. We believe that this momentum, together with our size and reputation, gives our customers confidence in our auction services, which contributes to our growth and acts as a barrier to entry for potential competitors.

Ritchie Bros. Buyers and Consignors

Growth Strategies

We intend to take advantage of our momentum and extensive infrastructure to continue to grow our gross auction sales by making further inroads into markets and regions that we have already entered. In addition, we intend to continue to seek opportunities to expand into new market segments and to broaden our geographic reach by entering new countries and regions.

Because of the large size of our potential market, it is our view that the most important factors influencing our future growth are internal factors, rather than external factors. We believe that our ability to design and implement an appropriate growth strategy is the most important factor influencing our future growth.

Key elements of our growth strategy are as follows:

Increase our customer base and seek to continually improve the service we provide to our existing customers;

Expand our geographic reach by developing new customer relationships and holding auctions in new markets;

Further expand into related and complementary markets, such as agricultural, transportation and industrial marine segments;

Use the Internet and other technologies to enhance our business;

Improve sales force productivity by focusing on recruiting and training and by using technology to increase the efficiency and effectiveness of our sales force; and

Expand our network of auction sites at an average rate of one to two sites per year.

Operations

During the year ended December 31, 2003, we conducted 143 unreserved industrial auctions at locations in North America, Europe, the Middle East, Australia and Africa. Although our auctions vary in size, the average Ritchie Bros. industrial auction in 2003 attracted over 1,200 bidders and featured approximately 1,100 lots consigned by about 160 consignors. The average gross auction sales at these auctions in 2003 was approximately \$11 million. We also held 27 smaller unreserved agricultural auctions in 2003.

In 2003, approximately 89% of our gross auction sales came from auctions held at our permanent auction sites and regional auction units. Permanent auction sites are located on land that we own. Current permanent auction sites average over 50 acres in size and typically include an equipment display yard, an auction theatre, administrative offices, customer parking, and an environmentally certified refurbishing facility. Regional auction units are auction sites located on leased land that typically have more modest facilities than a permanent auction site. The remaining 11% of our gross auction sales in 2003 came from off-site auctions, typically held on rented or consignor-owned land. The decision about whether to hold a particular auction at one of our sites versus an off-site location is driven by the nature, amount and location of the equipment to be sold.

We believe that our auctions generally draw a larger number of bidders than most other industrial equipment auctions. Also, the majority of the bidders at our auctions are end-users of equipment (typically retail buyers) rather than brokers or dealers (typically wholesale buyers). In 2003, approximately 80% of our gross auctions sales were to end-users. Large end-user bidder audiences, including international bidders and Internet bidders, enable us to deliver world market prices. This potential for high proceeds on the sale of equipment is a core part of our value proposition and helps to attract consignments, which further attracts larger bidder audiences in a self-reinforcing process.

Some of the key elements of our auction process include:

Attracting Bidders. We believe our proprietary customer database, which contains over 400,000 customer names from more than 200 countries, significantly enhances our ability to market our auctions effectively. We typically send up to 50,000 full-color auction brochures for each auction to strategically selected customers. We also conduct targeted regional and industry-specific advertising and marketing campaigns. In addition, we post information about all of the consigned equipment at upcoming auctions on our website so that potential bidders can review equipment descriptions and view photographs of many of the items to be sold. During 2003, 181,039 bidders registered to bid at our auctions, compared to 156,010 in 2002.

Attracting Equipment. We solicit equipment consignments ranging from single pieces of equipment consigned by local owner-operators to large equipment fleets offered by multi-national consortiums upon the completion of major construction projects. For substantial consignments, our service typically begins with an equipment appraisal that gives the prospective consignor a credible estimate of the value of the appraised equipment. We believe that our consignors choose to sell their equipment at our auctions, rather than through other channels or other auctioneers, because they believe that selling at a Ritchie Bros. auction is the best way to maximize the net proceeds on the sale of their assets. During 2003 we received 23,480 consignments, typically comprised of multiple lots, compared to 20,919 consignments in 2002.

Our willingness to take consignment of a customer's full equipment fleet, including ancillary assets such as inventories, parts, tools, attachments and construction materials, rather than only accepting selected items, is another valued service that we offer to consignors that sets us apart from most of our competitors.

Attractive Contract Options. We offer consignors several contract options to meet their individual needs. These can include a straight commission contract, where the consignor receives the gross proceeds on the sale minus an agreed upon commission rate, as well as alternate arrangements including guarantee contracts (where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level) or an outright purchase of the equipment by us for resale. We refer to guarantee and outright purchase contracts as our underwritten business. Guarantee contracts have generally represented about 20% of our gross auction sales on an annual basis in recent periods, while outright purchases have averaged about 5% of our gross auction sales on an annual basis in recent periods.

Our commission structure reflects the degree of risk we assume with respect to the equipment being sold. In general, on similar packages of equipment, we charge lower commissions for straight commission sales than for guarantee contracts. In the case of outright purchases, pricing takes into account the risks we assume. We typically offer guarantee and purchase contract options only on large, diverse fleets of

equipment. We manage the risk associated with our underwritten business by performing detailed appraisals of the equipment and involving senior levels of management in the decision making process.

The main components of our auction revenues are the commissions and profit earned on our underwritten business, the commissions earned on straight commission contracts and the fees charged to buyers in certain circumstances. We expect to achieve a sustainable average annual auction revenue rate, which is calculated by dividing auction revenues into gross auction sales, of 9.50%, though the rate fluctuates from period to period depending mainly on the results of our underwritten business.

Value-Added Services. We provide a wide array of services to make the auction process convenient for buyers and sellers of equipment. Examples of these services include:

conducting title searches on consigned equipment, where registries are commercially available, to ensure the equipment is sold with clear title;

making consigned equipment available for inspection by prospective buyers;

providing access to representatives of finance companies, transportation companies, customs brokerages and other service providers;

providing facilities for on-site cleaning, painting and refurbishment of equipment; and

handling all marketing, as well as collection and disbursement of proceeds.

Marketing and Sales

At December 31, 2003, we employed 188 sales representatives. These representatives are deployed by geographic region around the world. Each sales representative is primarily responsible for the development of customer relationships and sourcing consignments in the representative's region. Sales representatives are also involved in the appraisal and proposal presentation process. To encourage global teamwork and superior customer service, none of our employees is paid on a commission basis. All of our employees are compensated primarily by a combination of base salary and performance bonus.

Sales force productivity is an important measure of our relative operating performance between periods. Productivity is measured as gross auction sales per sales representative. Over the long term, we have experienced average annual gross auction sales of approximately \$8 million per sales representative. However, over the last several years our sales force productivity dropped, mainly because we significantly increased the size of our sales force. It generally takes between two and three years for a new sales representative to achieve the level of productivity we expect. As the table below illustrates, our sales force productivity is returning to historic levels as the sales representatives we added over the last five years become fully productive.

Year Ended December 31,	Average Number of Sales Representatives	Gross Auction Sales per Sales Representative (\$ millions)
1998	122	\$8.92
1999	141	8.30
2000	165	7.47
2001	186	6.94
2002	192	7.17
2003	189	8.25

To support our sales representatives, we follow a dual marketing strategy, promoting Ritchie Bros. and the unreserved auction process in general, as well as marketing specific auctions. This dual strategy is designed to attract both consignors and bidders to our auctions. Our advertising and promotional efforts include the use of trade journals and magazines and attendance at numerous trade shows held around the world. We also participate in international, national and local trade associations. The *rbaction.com* website has become an increasingly important component of our marketing program, with over 70,000 user sessions per week, with an average length of over 20 minutes per session, during our main auction periods.

In addition to regional marketing through our sales representatives, we market through our national accounts team to large national customers, including rental companies, manufacturers and finance companies, who have equipment disposition requirements in various regions and countries and can therefore benefit from our international network of auction sites.

International Network of Auction Sites

We attempt to establish our auction sites in industrial areas close to major cities. Although we lease some auction sites, we prefer to purchase land and construct purpose-built facilities once we have determined that a region can generate sufficient financial returns to justify the investment. We generally do not construct a permanent auction site in a particular region until we have conducted a number of offsite sales in the area, and often we will operate from a regional auction unit for several years before considering a more permanent investment. This process allows us to evaluate the market potential before we make a significant investment. We will not invest in a permanent auction site unless we believe there is an opportunity for significant, profitable growth in a particular region. Our average expenditure on a permanent auction site is currently between \$10 million and \$12 million, including land, improvements and buildings.

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The following maps show our permanent auction sites and regional auction units as at December 31, 2003:

Canada:

1	Vancouver, British Columbia	16	Kansas City, Missouri ⁽²⁾
2	Prince George, British Columbia	17	Minneapolis, Minnesota
3	Grande Prairie, Alberta	18	Morris, Illinois
4	Edmonton, Alberta	19	Atlanta, Georgia
5	Toronto, Ontario	20	Statesville, North Carolina
6	Montreal, Quebec	21	Orlando, Florida
7	Halifax, Nova Scotia	22	North East, Maryland

United States:

8	Olympia, Washington		Other Countries:
9	Stockton, California ⁽¹⁾⁽²⁾	23	Toluca, Mexico ⁽²⁾
10	Perris, California	24	Moerdijk, The Netherlands
11	Phoenix, Arizona	25	Valencia, Spain ⁽²⁾
12	Albuquerque, New Mexico	26	Dubai, United Arab Emirates ⁽²⁾
13	Denver, Colorado	27	Singapore ⁽²⁾
14	Fort Worth, Texas	28	Brisbane, Australia
15	Houston, Texas	29	Melbourne, Australia ⁽²⁾

(1) The Stockton, California regional auction unit will be replaced by a new permanent auction site in Sacramento, California, which is scheduled to open in 2004.

(2) Regional auction unit.

At certain of our auction sites we own additional property that may be available for future expansion or sale. We also own land in other areas not listed above that may be available for future expansion or sale.

Competition

Both the international used industrial equipment market and the auction segment of that market are highly fragmented. We compete for potential purchasers of industrial equipment with other auction companies and with non-auction competitors such as equipment manufacturers, distributors and dealers, and equipment rental companies. When sourcing equipment to sell at our auctions, we compete with other auction companies, equipment dealers and brokers, and equipment owners who have traditionally disposed of equipment through private sales.

Corporate Information

We were amalgamated on December 12, 1997 under, and are governed by, the *Canada Business Corporations Act*. Our registered office is located at 1300 777 Dunsmuir Street, Vancouver, British Columbia, Canada V7Y 1K2. Our executive office is located at 6500 River Road, Richmond, British Columbia, Canada V6X 4G5 and our telephone number is (604) 273-7564.

We conduct business primarily through the following five indirect wholly-owned operating subsidiaries:

Ritchie Bros. Auctioneers (Canada) Ltd. incorporated under the laws of Canada;

Ritchie Bros. Properties Ltd. incorporated under the laws of Canada;

Ritchie Bros. Holdings Ltd. incorporated under the laws of Canada;

Ritchie Bros. Auctioneers (America) Inc. incorporated under the laws of the State of Washington, USA;

Ritchie Bros. Properties Inc. incorporated under the laws of the State of Washington, USA;

Ritchie Bros. Holdings Inc. incorporated under the laws of the State of Washington, USA; and

Ritchie Bros. Auctioneers BV incorporated under the laws of The Netherlands.

Recent Developments

On January 15, 2004 we announced our intention to effect a two-for-one stock split, subject to the approval of our shareholders at our Annual Meeting of Shareholders, scheduled to be held on April 16, 2004. All share and per share information in this prospectus does not give effect to the proposed stock split.

On January 14, 2004 we received conditional approval to list our common shares on the Toronto Stock Exchange, or TSX. Listing of our common shares on the TSX is subject to us fulfilling all of the requirements of the TSX on or before April 14, 2004.

The Offering

Offering	1,739,130 common shares offered by the selling shareholder. ⁽¹⁾
Common Shares Outstanding Before and After this Offering	16,983,822 ⁽²⁾
Use of Proceeds	All of the common shares (including the shares subject to the underwriters' over-allotment option) are being sold by the selling shareholder. We will not receive any of the proceeds from the sale of the common shares by the selling shareholder and will not be responsible for any of the expenses of this offering.
Ownership of Common Shares by the Individual Controlling the Selling Shareholder	<p>The 1,739,130 common shares offered by this prospectus represent approximately 10.2% of our outstanding common shares. Following the closing of this offering, Mr. David E. Ritchie, who controls the selling shareholder, will beneficially own or control common shares representing approximately 18.8% of our outstanding common shares.</p> <p>If the underwriters' over-allotment option is exercised in full, a total of 2,000,000 common shares will be offered by this prospectus, representing approximately 11.8% of our outstanding common shares, and Mr. Ritchie will beneficially own or control common shares representing approximately 17.3% of our outstanding common shares.</p>
Risk Factors	Prospective purchasers of our common shares should consider carefully the matters set forth under Risk Factors before purchasing any common shares in this offering.
NYSE Symbol	RBA
Proposed TSX Symbol	RBA

(1) Excludes 260,870 common shares that are subject to the over-allotment option granted by the selling shareholder to the underwriters in connection with this offering.

(2) The number of common shares outstanding before and after this offering is based on common shares outstanding as of January 15, 2004, and excludes 1,214,844 common shares reserved for future issuance under our stock option plan, of which 406,727 common shares are issuable upon the exercise of stock options outstanding under the plan as of January 15, 2004, at a weighted average exercise price of \$26.64 per share.

Summary Consolidated Financial and Other Information

The following summary historical consolidated financial data as at December 31, 2002, 2001 and 2000 and for each of the years in the three-year period ended December 31, 2002 has been derived from and is qualified by reference to our audited consolidated financial statements. The summary historical consolidated financial data as at September 30, 2003 and 2002 and for each of the nine-month periods ended September 30, 2003 and 2002 has been derived from and is qualified by reference to our unaudited consolidated financial statements, which include, in management's opinion, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. You should read this data together with those financial statements, and the related management's discussion and analysis of financial condition and results of operations, all of which, except the consolidated balance sheets as at December 31, 2000 and as at September 30, 2002, are incorporated by reference into this prospectus, and the risk factors described in the section entitled "Risk Factors" beginning on page 14.

Our consolidated financial statements are prepared in United States dollars in accordance with Canadian GAAP. These principles conform in all material respects with United States generally accepted accounting principles, except as disclosed in note 12 of our consolidated financial statements for the year ended December 31, 2002, which are incorporated by reference into this prospectus. All dollar amounts in the following table and related notes are in thousands of dollars, except per share data.

	Nine Months Ended September 30,		Year Ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)	(unaudited)			
Statement of Operations Data:					
Auction revenues ⁽¹⁾	\$ 113,823	\$ 89,172	\$ 133,552	\$ 116,991	\$ 106,125
Direct expenses	15,200	13,110	19,684	18,861	17,936
	98,623	76,062	113,868	98,130	88,189
Depreciation and amortization ⁽²⁾	8,586	6,517	9,208	9,076	7,761
General and administrative expense	51,720	46,327	63,786	56,517	52,942
Earnings from operations	38,317	23,218	40,874	32,537	27,486
Interest expense	(3,644)	(2,809)	(4,302)	(4,024)	(3,378)
Other income	863	1,833	2,455	1,409	1,252
Earnings before income taxes	35,536	22,242	39,027	29,922	25,360
Income taxes ⁽³⁾	10,700	4,993	10,656	9,868	8,155
Net earnings	\$ 24,836	\$ 17,249	\$ 28,371	\$ 20,054	\$ 17,205
Net earnings per share - basic	\$ 1.47	\$ 1.03	\$ 1.69	\$ 1.20	\$ 1.03
Net earnings per share - diluted	1.46	1.02	1.68	1.19	1.02
Weighted average number of shares outstanding					
Basic	16,869,870	16,788,251	16,793,202	16,761,247	16,743,433
Diluted	17,029,656	16,906,756	16,915,424	16,864,003	16,860,863
Balance Sheet Data (period end):					
Working capital (including cash)	\$ 33,693	\$			